LUGAR: REAGAN SHOULD STAY, REGAN AND CASEY GO GREENCASTLE, IND

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Sen. Richard Lugar, R-Ind., called for the resignation of several administration officials but said the Iranian arms sale scandal does not warrant the resignation of President Reagan.

''I don't contemplate (Reagan's resignation) at all,'' Lugar said Friday. ''I think it's important that the president continue, that he grow stronger,'' he said. ''I have confidence the president has not committed misdeeds.''

However, Lugar said he believes the situation could be a ''national emergency'' and that several high officials should resign and make room for a ''new beginning'' in the nation's foreign affairs.

Lugar spoke in the first program held at DePauw University's new Center for Contemporary Media.

''It seems the continuity of the presidency is an extremely important point,'' Lugar said. ''But I think it is important for the president to be forthcoming as to why he was doing these things. I think his own situation is strengthened the sooner he gets into this.''

Lugar said White House Chief of Staff Donald Regan and CIA Director William Casey should resign in the wake of the Iran-Contras affair.

''It seems to me the president has not been well-served in intelligence affairs or by his chief of staff,'' Lugar said. ''I think it's very important for him to get that message.''

Lugar said Secretary of State George Shultz and Defense Secretary Caspar Weinberger are still needed to carry out foreign policy.

Lugar suggested the administration bring in ''big leaguers'' such as Henry Kissinger and Jeane Kirkpatrick to continue the nation's foreign policy.

Meanwhile, Lugar said, efforts to free remaining American hostages are ''dead in the water'' because of the Iran arms revelations.